

# Introduction to the Board Profiles

The cornerstone of the *PERAC Annual Report* is the section devoted to Board Profiles. Over the course of the last several years, we have expanded the information provided in these Profiles in an effort to set forth a more comprehensive picture of each retirement system. This database can be used to assess the funding condition of the system, membership information, investment return history, asset growth, disability experience, and audit results. In addition, the names of the Board Members and Administrators are listed, as well as the board meeting schedule and pertinent information about how to contact the board.

Of particular interest this year, in light of recent trends, is the data relating to the funding condition of the systems. The Funded Ratio indicates the extent to which assets cover system liabilities. When the system will pay off its unfunded liability and what type of funding technique is being used are also noted. The impact of the poor capital markets is reflected in the deteriorating funded ratios of many systems over the last few years.

PERAC has emphasized that investment performance be assessed over the long term. In fact, the actuarial assumed rate of return and target return outlined in the Profiles, while much

lower than returns achieved in the 1990's, appear more realistic in the wake of the returns of the last two years. Asset growth, another measure of funding progress, has, in general, come to a halt in the last two years. All of these indicators underscore the importance of long-term planning and perspective.

In assessing investment performance, PERAC relies on the retirement boards to submit accurate and complete information about investment activity. Unfortunately, that is not always the case. In those instances we have made the appropriate adjustments to returns. Last year, we noted that PERAC numbers might differ from those provided to the board by its consultant. These differences are often attributable to PERAC's measurement of all assets, including monies not committed to investment management. In addition, PERAC includes fourth quarter results from real estate and venture capital partnerships that are often not available to consultants until the close of the first quarter of the next year.

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